

DEPOSIT INSURANCE INCREASE
FEASIBILITY ACT OF 2000

HON. CHARLES A. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 2000

Mr. GONZALEZ. Mr. Speaker, recently, I introduced H.R. 4603, the "Deposit Insurance Increase Feasibility Act of 2000." I decided to introduce this bill after being contacted by various representatives of the financial services community who are interested in researching the feasibility of increasing the current deposit insurance coverage limit, which has been set at \$100,000 since the early 1980s. Several different proposals crossed my desk, but I decided to take the more moderate and prudent approach for the time being. My bill, H.R. 4603, the "Deposit Insurance Increase Feasibility Act of 2000," would, I believe, take the proper approach to this question at this time.

As introduced, H.R. 4603 will require two different studies and reports on the feasibility and potential impact of increasing the maximum amount of deposit insurance under the Federal Deposit Insurance Act and the Federal Credit Union Act from \$100,000 to \$200,000 per depositor and require the noted U.S. financial services regulatory agencies to recommend an appropriate deposit insurance level for both banks and credit unions but through two separate but equal studies. The bill would also require two separate but equal reports to be submitted to Congress six months after the date of enactment of the legislation.

Congress has often been accused of jumping the gun and failing to thoroughly research an issue prior to acting. Congress has also been accused in the past of failing to move in a timely manner on numerous issues. Case in point is the decades Congress spent reviewing the potential reform of the Glass-Steagall Act before finally enacting financial services reform legislation last year in the form of S. 900, which I supported. For these reasons, I decided to introduce this bill in the form of a study instead of an immediate increase in deposit insurance coverage. The study will hopefully acknowledge that deposit insurance has become an indispensable part of the financial services landscape while promoting consumer trust and confidence in all U.S. financial institutions. More importantly, the two studies will provide Congress with the recommendations it will need by both the banks and credit union regulatory agencies to thoroughly assess all possible ramifications of any change in the level of insurance coverage. In this way, few will attempt and virtually none will be able to say that Congress acted imprudently. The fact that the studies and reports are to be completed and submitted within six months of the date of enactment of my bill provides enough time for a thorough review of the issue while also permitting Congress to access the studies and reports in a timely manner, and hopefully move on the recommendations sooner rather than later. Such studies and reports should serve to permit those regulatory agencies which have recently expressed concern about increasing the deposit insurance limit to \$200,000 to participate in the review of the coverage limit and to provide a specific coverage limit recommendation to Congress. I should stress that this bill does not mandate

an increase. It calls for two studies and two reports on the subject. It provides for parity by including all the financial institutions regulatory agencies in the deliberations.

I have received a letter of strong support for H.R. 4603 from America's Community Bankers, which represents the nation's community banks of all charter types and sizes, and a letter strongly supporting the bill on behalf of the Credit Union National Association and the 78 million credit union members nationwide. I would ask that both letters be inserted in the CONGRESSIONAL RECORD immediately following this statement. I look forward to the bill's enactment and to receiving the dual reports in Congress sometime in the near future.

CREDIT UNION
NATIONAL ASSOCIATION, INC.,
Madison, WI, June 9, 2000.

Hon. CHARLES GONZALEZ,
*Cannon House Office Building,
Washington, DC.*

DEAR CONGRESSMAN GONZALEZ: On behalf of the Credit Union National Association (CUNA) and the 78 million credit union members nationwide, I am writing to express our support for the legislation you introduced yesterday, H.R. 4603.

CUNA and its member credit unions believe deposit insurance has become an indispensable part of the financial services landscape and has contributed significantly to consumer trust and confidence in all depository institutions. Because of this important role, CUNA strongly urges Congress to thoroughly assess all possible ramifications of any change in the level of insurance coverage, and we are encouraged by your proposed studies.

CUNA also favors the feature of the legislation that calls for a separate study of the National Credit Union Share Insurance Fund (NCUSIF). Operationally and structurally, the NCUSIF is unique among federal insurance funds and merits an appraisal that considers and evaluates its distinctions.

We commend you for the prudent and sound approach you have taken to this important and complex issue. CUNA looks forward to playing a helpful role in the enactment of H.R. 4603, and I encourage you to contact me if I can be of further assistance.

Sincerely,

DANIEL A. MICA,
President and CEO.

AMERICA'S COMMUNITY BANKERS,
Washington, DC, May 26, 2000.

Hon. CHARLES A. GONZALEZ,
*House of Representatives,
Washington, DC.*

DEAR REPRESENTATIVE GONZALEZ: America's Community Bankers strongly supports your draft bill, the "Deposit Insurance Feasibility Act of 2000." America's Community Bankers represents the nation's community banks of all charter types and sizes. ACB members pursue progressive, entrepreneurial and service-orientated strategies in providing financial services to benefit their customers and communities.

Bankers would welcome an increase in deposit insurance. ACB cautions, however, that bankers need to know first whether they would incur an increase in premiums or other costs. That is why we are particularly pleased that your bill would help answer this important question.

Taking inflation into account, the coverage limit today could be increased and indexed to prevent further erosion. But if an increase in insurance coverage merely resulted in a reshuffling of deposits among banks, a redistribution might be particularly damaging for smaller community banks and their customers.

Again, ACB strongly supports your draft bill, and stands ready to offer any assistance at our disposal.

Sincerely,

ROBERT R. DAVIS,
*Managing Director,
Government Relations.*

PERSONAL EXPLANATION

HON. DARLENE HOOLEY

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 2000

Ms. HOOLEY of Oregon. Mr. Speaker, on Wednesday, June 28, 2000 during the Democratic motion to recommit H.R. 4680, my pager malfunctioned.

As a result, I was not aware of the ongoing vote, and as a result I was prevented from participating.

However, if present I would have voted "yes" on this measure (Vote 356).

COMMENDING THE FIRST BAPTIST
CHURCH OF CEDARTOWN YOUTH
CHOIR FOR PARTICIPATING IN
THE NATIONAL FESTIVAL OF
YOUTH CHOIR

HON. BOB BARR

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 2000

Mr. BARR of Georgia. Mr. Speaker, yesterday I had the opportunity to meet with a very special group of young people from my home district in Georgia. The First Baptist Church Youth Choir, from Cedartown, Georgia, are in Washington to participate in the Fourth Annual Nation's Capital Festival of Youth Choirs.

The festival this year is being hosted by the First Baptist Church of Alexandria, Virginia. The festival, first started as a result of efforts of Randy Edwards, a pastor from Shreveport, Louisiana, who formed "Youth Choirs, Inc.," a non-profit organization. This organization was dedicated to building church youth choirs across denominational lines. The festival choir consists of 300 youth from across the nation.

The festival is limited to 300 singers, and this year is made up of 17 youth choirs from throughout the country. I was honored to spend time with the First Baptist Church of Cedartown Youth Choir. The group consists of high school students who are members of this church and the Second Avenue Baptist Church in Rome, Georgia. They were accompanied on this trip by their church music directors, Mitch Huskison of Cedartown, and Joe Preston of Rome, and several proud parents.

This choir from Georgia, along with those from other parts of the country, will deliver the prelude on Sunday, July 2nd at National Cathedral. The choirs, accompanied by an orchestra, will also present a "grand concert" at the First Baptist Church of Alexandria, Virginia.

In a world in which media attention frequently focuses on reporting youth violence, crime, lack of family values, and problems with our educational systems, it would behoove us all to take a moment to recognize the Christian young people who have worked to pay for this trip; and who have prayed for their leaders, their bus driver, the chaperones, all the